PERAC AUDIT REPORT

Norfolk County
Contributory Retirement System

JAN. 1, 2012 - DEC. 31, 2015

PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION
COMMONWEALTH OF MASSACHUSETTS

TABLE OF CONTENTS

April 12, 2018

The Public Employee Retirement Administration Commission has completed an examination of the Norfolk County Retirement System pursuant to G.L. c. 32, § 21. The examination covered the period from January 1, 2012 to December 31, 2015. This audit was conducted in accordance with the accounting and management standards established by the Public Employee Retirement Administration Commission in regulation 840 CMR 25.00. Additionally, all supplementary regulations approved by PERAC and on file at PERAC are listed in this report.

In our opinion, the financial records are being maintained and the management functions are being performed in conformity with the standards established by the Public Employee Retirement Administration Commission with the exception of those noted in the findings presented in this report.

In closing, I acknowledge the work of examiners Scott Henderson, Elaine Pursley, Teri Coley and Kevin McCarthy who conducted this examination, and express appreciation to the Board of Retirement and staff for their courtesy and cooperation.

Sincerely,

Joseph E. Connarton

Joseph E. Connarton
Executive Director

EXPLANATION OF FINDINGS AND RECOMMENDATIONS

1. Affidavits:

As of the start of audit field work in February 2017, the Norfolk County Retirement Board had not mailed out affidavits to retirees since 2013. Pursuant to 840 CMR 15.01 (1), these need to be sent out to all retirees/survivors at least every two years.

Recommendation: Affidavits should be sent out as soon as possible. The regulation also requires that the Board audit a random sample of 5% of the affidavits received to ensure signatures on the forms match signatures in the retirees' files.

Board Response:

Retiree affidavits were issued on February 27, 2017 and will be issued every two years thereafter. Retirees were required to either have their form notarized or to sign the form at the Retirement office with photo identification.

2. Board Meeting Minutes:

A review of minutes from the beginning of the audit period to the end of audit field work resulted in the following:

- There were five Board meetings that did not have written minutes: the annual meeting with the investment managers for 2012-2015, and a special meeting on May 2, 2016 for a pension forfeiture hearing.
- There were an additional five Board meetings in 2014 and 2015 that had minutes prepared but not signed at the time of our review. Four of these meeting minutes were signed at the February 28, 2017 Board meeting.
- We noted two meetings in 2014 with minutes that were never approved by the Board.
- There was a formula error in the Monthly Warrant Summary sheet that is used to populate the Bills, Payroll & Pension section of the Board meeting minutes. The formula was missing the Money Managers & Consulting Fees from the total Expense Voucher Warrants balance shown in the minutes. Therefore, the balance shown in the minutes was understated. This formula error went back to November 2014 and continued until discovered during the field work. The formula error in the Monthly Warrant Summary sheet was corrected after discussion with the auditors.

Recommendation: All Board meeting minutes should be prepared for the following month's meeting. Minutes for each month should ultimately be approved.

Board Response:

The Board will be more diligent in its recording and approval of all meeting minutes.

EXPLANATION OF FINDINGS AND RECOMMENDATIONS (CONTINUED)

<u>**3. §91A overearners:**</u>
No excess amounts have been refunded by any of the §91A overearners going back to 2010.
The Board forwards the excess earnings information from PERAC to the Town Treasurers for their review. The Town Treasurers will then tell the Board that the current salary for the position is higher than the one used in PERAC's calculation, which could result in the retiree not being an overearner. However, this updated salary information is not being forwarded to PERAC.

Recommendation: The Retirement Board should send any updated salary information to PERAC for their final calculation of excess amounts and/or removal from the §91A overearners report.

<u>***Board Response:***</u>
The Board will provide updated salary information to PERAC for final calculation of excess amounts and/or removal from the over-earners report.

<u>**FINAL DETERMINATION**</u>:
PERAC Audit staff will follow up in six (6) months to ensure appropriate actions have been taken regarding all findings.

STATEMENT OF LEDGER ASSETS AND LIABILITIES

	AS OF DECEMBER 31,			
	2015	2014	2013	2012
Net Assets Available For Benefits:				
Cash	$13,354,698	$21,714,455	$19,348,766	$24,363,151
Fixed Income Securities	77,243,271	124,147,923	117,051,494	96,739,032
Equities	226,725,747	223,376,987	240,659,593	191,079,120
Pooled Domestic Equity Funds	124,794,822	120,061,346	109,257,969	95,852,602
Pooled International Equity Funds	34,429,380	58,027,750	53,774,397	35,553,629
Pooled Domestic Fixed Income Funds	45,837,719	21,739,655	20,294,168	37,483,993
Pooled International Fixed Income Funds	0	16,523,314	17,518,189	17,868,519
Pooled Global Fixed Income Funds	47,826,084	0	0	0
Pooled Alternative Investment Funds	59,495,597	48,984,595	52,970,303	55,948,219
Pooled Real Estate Funds	77,301,133	97,150,232	78,276,084	52,569,195
Hedge Funds	55,393,127	45,272,364	34,019,472	32,511,045
Interest Due and Accrued	924,587	1,654,533	1,231,989	968,081
Prepaid Expenses	3,000	3,000	0	0
Accounts Receivable	4,943,738	4,605,617	10,803,122	6,104,941
Accounts Payable	(924,180)	(1,314,742)	(2,352,628)	(1,287,656)
Total	$767,348,723	$781,947,029	$752,852,919	$645,753,871
Fund Balances:				
Annuity Savings Fund	$254,602,849	$244,674,496	$235,494,792	$224,949,719
Annuity Reserve Fund	69,322,823	66,365,653	63,561,340	61,182,731
Pension Fund	9,942,778	2,525,676	3,260,386	5,281,084
Military Service Fund	37,802	37,764	37,726	37,689
Expense Fund	0	0	0	0
Pension Reserve Fund	433,442,470	468,343,439	450,498,674	354,302,648
Total	$767,348,723	$781,947,029	$752,852,919	$645,753,871

STATEMENT OF CHANGES IN FUND BALANCES

	Annuity Savings Fund	Annuity Reserve Fund	Pension Fund	Military Service Fund	Expense Fund	Pension Reserve Fund	Total All Funds
Beginning Balance (2012)	$215,559,545	$58,564,491	$7,858,383	$27,355	$0	$293,457,335	$575,467,110
Receipts	23,921,425	1,793,727	44,361,650	10,334	5,998,373	72,192,607	148,278,116
Interfund Transfers	(11,011,403)	11,005,781	11,352,917	0	0	(11,347,295)	0
Disbursements	(3,519,847)	(10,181,268)	(58,291,866)	0	(5,998,373)	0	(77,991,355)
Ending Balance (2012)	224,949,719	61,182,731	5,281,084	37,689	0	354,302,648	645,753,871
Receipts	25,301,862	1,853,297	46,903,678	38	6,771,870	108,395,362	189,226,107
Interfund Transfers	(11,416,570)	11,374,852	12,241,054	0	0	(12,199,336)	0
Disbursements	(3,340,218)	(10,849,540)	(61,165,430)	0	(6,771,870)	0	(82,127,058)
Ending Balance (2013)	235,494,792	63,561,340	3,260,386	37,726	0	450,498,674	752,852,919
Receipts	26,678,476	1,927,551	50,324,496	38	7,433,955	31,259,018	117,623,534
Interfund Transfers	(12,695,720)	12,696,258	13,413,715	0	0	(13,414,253)	0
Disbursements	(4,803,053)	(11,819,496)	(64,472,921)	0	(7,433,955)	0	(88,529,425)
Ending Balance (2014)	244,674,496	66,365,653	2,525,676	37,764	0	468,343,439	781,947,029
Receipts	27,267,831	2,012,101	55,898,533	38	7,448,485	(14,888,450)	77,738,538
Interfund Transfers	(13,593,639)	13,597,473	20,008,685	0	0	(20,012,519)	0
Disbursements	(3,745,839)	(12,652,403)	(68,490,116)	0	(7,448,485)	0	(92,336,844)
Ending Balance (2015)	$254,602,849	$69,322,823	$9,942,778	$37,802	$0	$433,442,470	$767,348,723

STATEMENT OF RECEIPTS

	FOR THE PERIOD ENDING DECEMBER 31,			
	2015	2014	2013	2012
Annuity Savings Fund:				
Members Deductions	$24,519,848	$23,560,829	$22,295,890	$21,330,983
Transfers from Other Systems	1,836,297	2,298,668	2,151,037	1,731,847
Member Make Up Payments and Re-deposits	252,841	395,938	236,475	203,210
Member Payments from Rollovers	302,564	67,312	325,461	355,814
Investment Income Credited to Member Accounts	356,281	355,729	293,000	299,571
Sub Total	27,267,831	26,678,476	25,301,862	23,921,425
Annuity Reserve Fund:				
Recovery of Annuity from Reinstatement	8,461	0	0	0
Investment Income Credited to the Annuity Reserve Fund	2,003,640	1,927,551	1,853,297	1,793,727
Sub Total	2,012,101	1,927,551	1,853,297	1,793,727
Pension Fund:				
3 (8) (c) Reimbursements from Other Systems	2,057,379	1,344,189	1,961,234	1,230,802
Received from Commonwealth for COLA and Survivor Benefits	575,455	394,064	886,229	871,936
Pension Fund Appropriation	53,201,068	48,383,549	44,026,015	42,233,012
Settlement of Workers' Compensation Claims	64,340	192,894	27,800	25,900
Recovery of Pension from Reinstatement	0	9,800	2,400	0
Recovery of 91A Overearnings	291	0	0	0
Sub Total	55,898,533	50,324,496	46,903,678	44,361,650
Military Service Fund:				
Contribution Received from Municipality on Account of Military Service	0	0	0	10,306
Investment Income Credited to the Military Service Fund	38	38	38	27
Sub Total	38	38	38	10,334
Expense Fund:				
Investment Income Credited to the Expense Fund	7,448,485	7,433,955	6,771,870	5,998,373
Pension Reserve Fund:				
Federal Grant Reimbursement	0	19,621	22,951	22,761
Interest Not Refunded	45,304	52,495	62,118	42,974
Miscellaneous Income	13,932	8,196	2,001	11,760
Excess Investment Income	(14,947,686)	31,178,705	108,308,292	72,115,111
Sub Total	(14,888,450)	31,259,018	108,395,362	72,192,607
Total Receipts, Net	$77,738,538	$117,623,534	$189,226,107	$148,278,116

STATEMENT OF DISBURSEMENTS

	FOR THE PERIOD ENDING DECEMBER 31,			
	2015	2014	2013	2012
Annuity Savings Fund:				
Refunds to Members	$1,969,524	$1,921,162	$1,659,696	$1,811,760
Transfers to Other Systems	1,776,315	2,881,891	1,680,522	1,708,088
Sub Total	3,745,839	4,803,053	3,340,218	3,519,847
Annuity Reserve Fund:				
Annuities Paid	12,517,520	11,591,284	10,687,835	10,031,295
Option B Refunds	134,884	228,212	161,706	149,973
Sub Total	12,652,403	11,819,496	10,849,540	10,181,268
Pension Fund:				
Pensions Paid:				
Regular Pension Payments	48,007,309	45,813,129	42,762,712	40,867,044
Survivorship Payments	3,350,734	3,204,446	3,038,707	2,756,853
Ordinary Disability Payments	731,620	847,886	655,088	633,203
Accidental Disability Payments	10,292,729	9,311,462	9,011,955	8,816,421
Accidental Death Payments	1,587,159	1,512,397	1,545,970	1,525,976
Section 101 Benefits	363,051	303,560	256,415	252,707
3 (8) (c) Reimbursements to Other Systems	3,582,060	3,085,978	3,008,354	2,567,726
State Reimbursable COLA's Paid	575,455	394,064	886,229	871,936
Sub Total	68,490,116	64,472,921	61,165,430	58,291,866
Expense Fund:				
Board Member Stipend	22,500	22,500	22,500	20,625
Salaries	573,055	502,432	556,160	477,554
Legal Expenses	171,870	136,696	130,269	120,754
Medical Expenses	0	0	1,500	0
Travel Expenses	19,788	13,929	13,485	20,619
Administrative Expenses	135,870	163,567	174,859	154,188
Professional Services	69,979	74,281	69,688	75,427
Actuarial Services	5,298	12,625	12,875	0
Accounting Services	35,755	22,300	0	0
Education and Training	5,535	9,125	6,770	0
Furniture and Equipment	2,548	6,129	13,081	10,717
Management Fees	5,548,735	5,643,711	5,037,556	4,380,145
Custodial Fees	540,779	549,852	473,655	475,337
Consultant Fees	200,000	162,500	150,000	150,000
Rent Expenses	57,568	55,434	53,116	56,854
Service Contracts	8,604	9,063	8,935	8,796
Fiduciary Insurance	50,602	49,812	47,422	47,358
Sub Total	7,448,485	7,433,955	6,771,870	5,998,373
Total Disbursements	$92,336,844	$88,529,425	$82,127,058	$77,991,355

INVESTMENT INCOME

	FOR THE PERIOD ENDING DECEMBER 31,			
	2015	2014	2013	2012
Investment Income Received From:				
Cash (A)	($1,011)	$385	($352)	($427)
Fixed Income	4,685,016	6,546,132	6,228,275	5,014,317
Equities	3,904,406	4,252,992	3,335,857	3,803,797
Pooled or Mutual Funds	0	0	44,190	541,827
Commission Recapture	12,669	12,977	23,353	43,752
Total Investment Income	8,601,080	10,812,487	9,631,323	9,403,266
Plus:				
Realized Gains	9,638,778	9,007,135	19,291,787	16,620,610
Unrealized Gains	33,766,999	56,773,143	101,852,125	70,035,222
Interest Due and Accrued - Current Year	924,587	1,654,533	1,231,989	968,081
Sub Total	44,330,364	67,434,811	122,375,901	87,623,912
Less:				
Paid Accrued Interest on Fixed Income Securities	(172,342)	(322,688)	(391,821)	(231,779)
Realized Loss	(13,074,811)	(12,087,262)	(4,896,600)	(6,116,979)
Unrealized Loss	(43,169,000)	(23,709,381)	(8,524,227)	(9,541,305)
Interest Due and Accrued - Prior Year	(1,654,533)	(1,231,989)	(968,081)	(930,305)
Sub Total	(58,070,686)	(37,351,320)	(14,780,728)	(16,820,369)
Net Investment Income	(5,139,242)	40,895,978	117,226,496	80,206,809
Income Required:				
Annuity Savings Fund	356,281	355,729	293,000	299,571
Annuity Reserve Fund	2,003,640	1,927,551	1,853,297	1,793,727
Military Service Fund	38	38	38	27
Expense Fund	7,448,485	7,433,955	6,771,870	5,998,373
Total Income Required	9,808,444	9,717,273	8,918,204	8,091,698
Net Investment Income	(5,139,242)	40,895,978	117,226,496	80,206,809
Less: Total Income Required	9,808,444	9,717,273	8,918,204	8,091,698
Excess Income (Loss) To The Pension Reserve Fund	($14,947,686)	$31,178,705	$108,308,292	$72,115,111

(A) Negative amounts due to fees exceeding income.

SCHEDULE OF ALLOCATION OF INVESTMENTS OWNED

(percentages by category)

	AS OF DECEMBER 31, 2015	
	MARKET VALUE	PERCENTAGE OF TOTAL ASSETS
Cash	$13,354,698	1.8%
Fixed Income Securities	77,243,271	10.1%
Equities	226,725,747	29.7%
Pooled Domestic Equity Funds	124,794,822	16.4%
Pooled International Equity Funds	34,429,380	4.5%
Pooled Domestic Fixed Income Funds	45,837,719	6.0%
Pooled Global Fixed Income Funds	47,826,084	6.3%
Pooled Alternative Investment Funds	59,495,597	7.8%
Pooled Real Estate Funds	77,301,133	10.1%
Hedge Funds	55,393,127	7.3%
Grand Total	$762,401,578	100.0%

For the year ending December 31, 2015, the rate of return for the investments of the Norfolk County Retirement System was -0.84%. For the five-year period ending December 31, 2015, the rate of return for the investments of the Norfolk County Retirement System averaged 7.11%. For the 31-year period ending December 31, 2015, since PERAC began evaluating the returns of the retirement systems, the rate of return on the investments of the Norfolk County Retirement System was 8.52%.

The composite rate of return for all retirement systems for the year ending December 31, 2015 was 0.91%. For the five-year period ending December 31, 2015, the composite rate of return for the investments of all retirement systems averaged 7.49%. For the 31-year period ending December 31, 2015, since PERAC began evaluating the returns of the retirement systems, the composite rate of return on the investments of all retirement systems averaged 9.14%.

SUPPLEMENTARY INVESTMENT REGULATIONS

The Norfolk County Retirement System submitted the following supplementary investment regulations, which were approved by the Public Employee Retirement Administration Commission on:

April 25, 2011
The Norfolk County Retirement System is authorized to invest in the ArcLight Energy Partners Fund V, L.P. To the extent that the partnership engages in foreign currency hedging, 21.01 (3) (a & b) will not apply. To the extent that the partnership engages in other hedging activities central to its investment strategy, 21.01(4) (a – c) will not apply. To the extent that the partnership engages in hedging activities central to its investment strategy, 21.01(5) will not apply. Since the partnership may own restricted securities, 21.01(6) will not apply. To the extent that the partnership engages in activities consistent with private equity management, 21.01(8) will not apply. To the extent that the partnership may extend loans to the principals of underlying portfolio companies, 21.01(9) will not apply. 21.01(10) applies only to the general partners, not the underlying portfolio companies.

June 9, 2010
16.08:
In accordance with Investment Guideline 99-2, the Norfolk County Retirement Board is authorized to make a modest modification to its 130/30 equity management mandate with D.E. Shaw Investment Management Company. In order to eliminate the role of Goldman Sachs as prime broker/custodian, the Board will transfer assets from its existing separately-managed account to a commingled vehicle with the same process and a similar strategy. The new fund is the D.E. Shaw U.S. Broad Market Core Alpha Extension Special Fund II

April 29, 2009
16.08:
In accordance with Investment Guideline 99-2, the Norfolk County Retirement System is authorized to make a modification to its existing fixed income management account with Income Research & Management. As part of a revised asset allocation plan, the System is allocating more money to fixed income and is accomplishing this by adding to the assets under management by IR&M, with whom the System has had a successful relationship for seven years. The new money will be managed with the same investment universe and benchmark as the existing Core Bond Fund but it will be in a separately managed account in which IR&M has greater flexibility to overweight or underweight particular sectors of the investment grade fixed income market.

June 2, 2008
21.01(1):
The Norfolk County Retirement Board's investment in D.E. Shaw Investment Management Company's Domestic Equity 130/30 strategy permits purchases on margin.

21.01(8):
In connection with any margin financing permitted by Supplementary Regulation 21.01(1) or short selling permitted by Supplementary Regulation 21.01(2), the Norfolk County Retirement Board may grant to a lender or broker-dealer providing such margin financing or securities loans a security

interest in the assets maintained with such lender or broker-dealer in order to secure the obligations relating to such margin financing or securities lending.

March 4, 2008
21.01(2):
The Norfolk County Retirement Board's investment in D.E. Shaw Investment Management Company's Domestic Equity 130/30 strategy permits the portfolio manager to execute short sales in an amount of approximately 30% of the account's net market value and to purchase additional stocks with the proceeds of these short sales. Total market exposure will be approximately 1.0.

November 1, 2007
Notwithstanding the provisions of the Public Employee Retirement Administration Commission's regulations and M.G.L. c. 32, et seq., the Norfolk County Retirement Board may invest funds of the Norfolk County Retirement System (the "System") in the fund known as Hamilton Lane Co-Investment Fund II, L.P. (the "Fund"), and effective as of the date of the initial investment by the System of any of its assets in the Fund –

1. while the System holds interest in the Fund, the General Partner may not be subject to the rules as established in 840 CMR 16.00 et seq. and 17.00 et seq. for so long as the Fund does not qualify as a "plan asset" as contemplated by the Employee Retirement Income Security Act of 1974 ("ERISA and as recently amended by the Pension Protection Act of 2006. The Fund will not be considered a plan asset so long as less than 25% of the equity interest in the Fund is held by "benefit plan investors" as contemplated by ERISA and related amendments.

September 28, 2007
16.08:
In accordance with Investment Guideline 99-2, the Norfolk County Retirement Board is authorized to modify its real estate securities mandate with INVESCO by transforming it from a domestic REIT account to a global REIT account. The investment universe is expanding and the account's benchmark is changing, but the portfolio management team remains the same, as does the basic strategy and investment process. The Board and its consultant are comfortable with INVESCO's capability to run the expanded mandate.

September 27, 2007
16.08:
Notwithstanding the provisions of any statute or regulation to the contrary, specifically including the provisions of 840 CMR 21.01, the Norfolk County Retirement System is hereby granted an exemption from restrictions on investment for the purpose of investing $15 million of the Norfolk County Retirement System's assets in the Eaton Vance Loan Opportunities Fund, Ltd., a private placement investment.

June 9, 2005
16.08:
In accordance with PERAC Investment Guideline 99-3, the Norfolk County Retirement Board is authorized to invest in Prism Venture Partners V, L.P. although meaningful returns are not yet

available. The Board has been a satisfied investor in Prism Venture Partners IV, the predecessor fund, and the management team and basic strategy remains the same.

March 11, 2005
16.08:
In accordance with Investment Guideline 99-3, the Norfolk County Retirement System is authorized to invest in Ascend Ventures II. The System has invested in Ascend Ventures I, with satisfactory results to date, and has submitted the necessary regulatory documents.

February 1, 2005
16.08:
In accordance with Investment Guideline 99-2, the Norfolk County Retirement System is authorized to modify its small cap value equity mandate with The Boston Company. The system has had an existing investment in the TBC Small Cap Opportunities strategy and intends to transfer the assets to the TBC Small Cap Value strategy. The two strategies invest in the same market universe, have the same benchmark (Russell 2000 Value), and utilize the same research team, but the performance of the Small Cap Value strategy has been less momentum-driven and less volatile than that of the Small Cap Opportunities strategy. The transfer also affords the Board the benefits of better diversification in portfolio managers, as the manager of the existing account also manages a mid-cap value account for the System.

December 30, 2003
21.01:
For the sole purpose of the Norfolk County Retirement System's investment in the Mesirow Absolute Return Fund the provisions of 840 CMR 21.01(1), 21.01(2), 21.01(3), 21.01(4), 21.01(5) and 21.01 (6) shall not apply.

April 8, 2002
16.08:
In accordance with Investment Guideline 99-2, the Norfolk County Retirement Board is authorized to modify its fixed income mandate with Income Research & Management. First, in order to achieve operational efficiencies and lower fees, the account is changing from a separately managed account to a commingled fund, the IR&M Core Bond Fund. The management team and process remain the same. Second, the investment universe is being modified to focus on intermediate rather than long maturities, consistent with the Board's asset allocation objectives. The Board has had a successful relationship with IR&M since 1998 and has great confidence in their fixed income capabilities.

April 18, 2001
16.08:
The Norfolk County Retirement Board ("the Board") may maintain its current investment on behalf of the Norfolk County Retirement System with a real estate investment fund, as contemplated by 840 CMR 19.01(4)-(6), known as Sentinel Realty Partners Fund IV. Said investment arising after other prospective real estate managers identified through the competitive bidding process would not agree to the Board's contract consistent with PERAC requirements, and since the Board already maintained an ongoing relationship with Sentinel.

<u>April 18, 2001</u>
19.01:
The Norfolk County Retirement Board ("the Board") may maintain its current investment on behalf of the Norfolk County Retirement System with a real estate investment trust fund, as contemplated by 840 CMR 19.01(4)-(6), known as the Corcoran Jennison Apartment Fund, Inc. ("the Fund"). Said investment subject to further Board action.

<u>January 25, 2000</u>
16.08:
In accordance with PERAC Investment Guideline 99-3, the Norfolk County Retirement Board may invest in the Halpern Denny Fund III, L.P. The board is an investor in Halpern Denny Fund II, L.P. and has submitted the required supporting documents. This investment is contingent on the Fund's continuing compliance with ERISA and its accompanying regulations, including, but not limited to, those setting forth exemptions for plan assets such as a venture capital operating company ("VCOC").

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF PLAN PROVISIONS

The plan is a contributory defined benefit plan covering all Norfolk County Retirement System member unit employees deemed eligible by the retirement board, with the exception of school department employees who serve in a teaching capacity. The Teachers' Retirement Board administers the pensions of such school employees.

ADMINISTRATION

There are 104 contributory retirement systems for public employees in Massachusetts. Each system is governed by a retirement board and all boards, although operating independently, are governed by Chapter 32 of the Massachusetts General Laws. This law in general provides uniform benefits, uniform contribution requirements and a uniform accounting and funds structure for all systems.

PARTICIPATION

Participation is mandatory for all full-time employees. Eligibility with respect to part-time, provisional, temporary, seasonal or intermittent employment is governed by regulations promulgated by the retirement board, and approved by PERAC. Membership is optional for certain elected officials.

There are 4 classes of membership in the retirement system, but one of these classes, Group 3, is made up exclusively of the State Police. The other 3 classes are as follows:

Group 1:

General employees, including clerical, administrative, technical and all other employees not otherwise classified.

Group 2:

Certain specified hazardous duty positions.

Group 4:

Police officers, firefighters, and other specified hazardous positions.

NOTES TO FINANCIAL STATEMENTS (Continued)

MEMBER CONTRIBUTIONS

Member contributions vary depending on the most recent date of membership:

Prior to 1975:	5% of regular compensation
1975 - 1983:	7% of regular compensation
1984 to 6/30/96:	8% of regular compensation
7/1/96 to present:	9% of regular compensation
1979 to present:	an additional 2% of regular compensation in excess of $30,000.

In addition, members of Group 1 who join the system on or after April 2, 2012 will have their withholding rate reduced to 6% after achieving 30 years of creditable service.

RATE OF INTEREST

Interest on regular deductions made after January 1, 1984 is a rate established by PERAC in consultation with the Commissioner of Banks. The rate is obtained from the average rates paid on individual savings accounts by a representative sample of at least 10 financial institutions.

RETIREMENT AGE

The mandatory retirement age for some Group 2 and Group 4 employees is age 65. Most Group 2 and Group 4 members may remain in service after reaching age 65. Group 4 members who are employed in certain public safety positions are required to retire at age 65. There is no mandatory retirement age for employees in Group 1.

SUPERANNUATION RETIREMENT

A person who became a member before April 2, 2012 is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- completion of 20 years of service, or
- attainment of age 55 if hired prior to 1978, or if classified in Group 4, or
- attainment of age 55 with 10 years of service, if hired after 1978, and if classified in Group 1 or 2.

A person who became a member on or after April 2, 2012 is eligible for a superannuation retirement allowance (service retirement) upon meeting the following conditions:

- attainment of age 60 with 10 years of service if classified in Group 1, or
- attainment of age 55 with 10 years of service if classified in Group 2, or
- attainment of age 55 if classified in Group 4.

NOTES TO FINANCIAL STATEMENTS (Continued)

AMOUNT OF BENEFIT

A member's annual allowance is determined by multiplying average salary by a benefit rate related to the member's age and job classification at retirement, and the resulting product by his creditable service. The amount determined by the benefit formula cannot exceed 80% of the member's highest three year (or five year as discussed below) average salary. For veterans as defined in G.L. c. 32, s. 1, there is an additional benefit of $15 per year for each year of creditable service, up to a maximum of $300.

For employees who become members after January 1, 2011, regular compensation is limited to 64% of the federal limit found in 26 U.S.C. 401(a)(17). In addition, regular compensation will be limited to prohibit "spiking" of a member's salary to increase the retirement benefit.

- For persons who became members prior to April 2, 2012, Average Salary is the average annual rate of regular compensation received during the 3 consecutive years that produce the highest average, or, if greater, during the last 3 years (whether or not consecutive) preceding retirement.

- For persons who became members on or after April 2, 2012, Average Salary is the average annual rate of regular compensation received during the 5 consecutive years that produce the highest average, or, if greater, during the last 5 years (whether or not consecutive) preceding retirement.

- The Benefit Rate varies with the member's retirement age. For persons who became members prior to April 2, 2012 the highest rate of 2.5% applies to Group 1 employees who retire at or after age 65, Group 2 employees who retire at or after age 60, and to Group 4 employees who retire at or after age 55. A .1% reduction is applied for each year of age under the maximum age for the member's group. For Group 2 employees who terminate from service under age 55, the benefit rate for a Group 1 employee shall be used.

- For persons who became members on or after April 2, 2012 and retire with less than 30 years of creditable service, the highest rate of 2.5% applies to Group 1 employees who retire at or after age 67, Group 2 employees who retire at or after age 62, and to Group 4 employees who retire at or after age 57. A .15% reduction is applied for each year of age under the maximum age for the member's group.

- For persons who became members on or after April 2, 2012 and retire with more than 30 years of creditable service, the highest rate of 2.5% applies to Group 1 employees who retire at or after age 67, Group 2 employees who retire at or after age 62, and to Group 4 employees who retire at or after age 57. A .125% reduction is applied for each year of age under the maximum age for the member's group.

DEFERRED VESTED BENEFIT

A participant who has attained the requisite years of creditable service can elect to defer his or her retirement until a later date. Certain public safety employees cannot defer beyond age 65. All participants must begin to receive a retirement allowance or withdraw their accumulated deductions no later than April 15 of the calendar year following the year they reach age 70½.

NOTES TO FINANCIAL STATEMENTS (Continued)

WITHDRAWAL OF CONTRIBUTIONS

Member contributions may be withdrawn upon termination of employment. The interest rate for employees who first become members on or after January 1, 1984 who voluntarily withdraw their contributions with less than 10 years of service will be 3%. Interest payable on all other withdrawals will be set at regular interest.

DISABILITY RETIREMENT

The Massachusetts Retirement Plan provides 2 types of disability retirement benefits:

ORDINARY DISABILITY

Eligibility: Non-veterans who become totally and permanently disabled by reason of a non-job related condition with at least 10 years of creditable service (or 15 years creditable service in systems in which the local option contained in G.L. c. 32, s. 6(1) has not been adopted).

Veterans with ten years of creditable service who become totally and permanently disabled by reason of a non-job related condition prior to reaching "maximum age". "Maximum age" applies only to those employees classified in Group 4 who are subject to mandatory retirement.

Retirement Allowance: For persons who became members prior to April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 55. If the member is a veteran, the benefit is 50% of the member's final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 55, he or she will receive not less than the superannuation allowance to which he or she is entitled.

For persons in Group 1 who became members on or after April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 60. If the member is a veteran, the benefit is 50% of the member's final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 60, he or she will receive not less than the superannuation allowance to which he or she would have been entitled had they retired for superannuation.

For persons in Group 2 and Group 4 who became members on or after April 2, 2012, the benefit is equal to the accrued superannuation retirement benefit as if the member was age 55. If the member is a veteran, the benefit is 50% of the member's final rate of salary during the preceding 12 months, plus an annuity based upon accumulated member contributions plus credited interest. If the member is over age 55, he or she will receive not less than the superannuation allowance to which he or she would have been entitled had they retired for superannuation

ACCIDENTAL DISABILITY

Eligibility: Applies to members who become permanently and totally unable to perform the essential duties of the position as a result of a personal injury sustained or hazard undergone while in the performance of duties. There are no minimum age or service requirements.

Retirement Allowance: 72% of salary plus an annuity based on accumulated member contributions, with interest. This amount is not to exceed 100% of pay. For those who became members in service after January 1, 1988 or who have not been members in service continually since that date, the amount is limited to 75% of pay. There is an additional pension of $846.12 per year (or $312.00 per year in systems in which the local option contained in G.L. c. 32, s. 7(2)(a)(iii) has not been adopted), per child who is under 18 at the time of the member's retirement, with no age limitation if the child is mentally or physically incapacitated from earning. The additional pension may continue up to age 22 for any child who is a full time student at an accredited educational institution. For systems that have adopted Chapter 157 of the Acts of 2005, veterans as defined in G.L. c. 32, s. 1 receive an additional benefit of $15 per year for each year of creditable service, up to a maximum of $300.

ACCIDENTAL DEATH

Eligibility: Applies to members who die as a result of a work-related injury or if the member was retired for accidental disability and the death was the natural and proximate result of the injury or hazard undergone on account of which such member was retired.

Allowance: An immediate payment to a named beneficiary equal to the accumulated deductions at the time of death, plus a pension equal to 72% of current salary and payable to the surviving spouse, dependent children or the dependent parent, plus a supplement of $846.12 per year, per child (or $312.00 per year in systems in which the local option contained in G.L. c. 32, s. 9(2)(d)(ii) has not been adopted), payable to the spouse or legal guardian until all dependent children reach age 18 or 22 if a full time student, unless mentally or physically incapacitated.

The surviving spouse of a member of a police or fire department or any corrections officer who, under specific and limited circumstances detailed in the statute, suffers an accident and is killed or sustains injuries while in the performance of his duties that results in his death, may receive a pension equal to the maximum salary for the position held by the member upon his death. In addition, an eligible family member may receive a one-time payment of $150,000.00 from the State Retirement Board. This lump sum payment is also available to the family of a public prosecutor in certain, limited circumstances.

DEATH AFTER ACCIDENTAL DISABILITY RETIREMENT

Effective November 7, 1996, Accidental Disability retirees were allowed to select Option C at retirement and provide a benefit for an eligible survivor. For Accidental Disability retirees prior to November 7, 1996, who could not select Option C, if the member's death is from a cause unrelated to the condition for which the member received accidental disability benefits, a surviving spouse will receive an annual allowance of $6,000. For Systems that accept the provisions of Section 28 of Chapter 131 of the Acts of 2010, the amount of this benefit is $9,000. For Systems that accept the provisions of Section 63 of Chapter 139 of the Acts of 2012, the amount of this benefit is $12,000.

DEATH IN ACTIVE SERVICE

Allowance: An immediate allowance equal to that which would have been payable had the member retired and selected Option C on the day before his or her death. For a member who became a member prior to April 2, 2012 whose death occurred prior to the member's superannuation retirement age, the age 55 benefit rate is used. For a member classified in Group 1 who became a member on or after April 2, 2012 whose death occurred prior to the member's superannuation retirement age, the age 60 benefit rate is used. If the member died after age 60, the actual age is used. For a member classified in Group 2 or Group 4, whose death occurred prior to the member's minimum superannuation retirement age, the benefit shall be calculated using an age 55 age factor. The minimum annual allowance payable to the surviving spouse of a member in service who dies with at least two years of creditable service is $3,000 unless the retirement system has accepted the local option increasing this minimum annual allowance to $6,000, provided that the member and the spouse were married for at least one year and living together on the member's date of death.

The surviving spouse of such a member in service receives an additional allowance equal to the sum of $1,440 per year for the first child and $1,080 per year for each additional child until all dependant children reach age 18 or 22 if a full time student, unless mentally or physically incapacitated.

COST OF LIVING

If a system has accepted Chapter 17 of the Acts of 1997, and the Retirement Board votes to pay a cost of living increase (COLA) for that year, the percentage is determined based on the increase in the Consumer Price Index used for indexing Social Security benefits, but cannot exceed 3.0%. Section 51 of Chapter 127 of the Acts of 1999, if accepted, allows boards to grant COLA increases greater than that determined by CPI but not to exceed 3.0%. Only a certain portion of a retiree's total allowance is subject to a COLA. The total COLA for periods from 1981 through 1996 is paid for by the Commonwealth of Massachusetts.

Under the provisions of Chapter 32, Section 103(j) inserted by Section 19 of Chapter 188 of the Acts of 2010, systems may increase the maximum base on which the COLA is calculated in multiples of $1,000. For many years the COLA base was calculated based upon the first $12,000 of a retiree's allowance. Now the maximum base upon which the COLA is calculated varies from system to system. Each increase in the base must be accepted by a majority vote of the Retirement Board and approved by the legislative body.

METHODS OF PAYMENT

A member may elect to receive his or her retirement allowance in one of 3 forms of payment.

Option A: Total annual allowance, payable in monthly installments, commencing at retirement and terminating at the member's death.

Option B: A reduced annual allowance, payable in monthly installments, commencing at retirement and terminating at the death of the member, provided, however, that if the total amount of the annuity portion received by the member is less than the amount of his or her accumulated deductions, including interest, the difference or balance of his accumulated deductions will be paid in a lump sum to the retiree's beneficiary or beneficiaries of choice.

Option C: A reduced annual allowance, payable in monthly installments, commencing at retirement. At the death of the retired employee, 2/3 of the allowance is payable to the member's designated beneficiary (who may be the spouse, or former spouse who is has not remarried, child, parent, sister, or brother of the employee) for the life of the beneficiary. For members who retired on or after January 12, 1988, if the beneficiary pre-deceases the retiree, the benefit payable increases (or "pops up" to Option A) based on the factor used to determine the Option C benefit at retirement. For members who retired prior to January 12, 1988, if the System has accepted Section 288 of Chapter 194 of the Acts of 1998 and the beneficiary pre-deceases the retiree, the benefit payable "pops up" to Option A in the same fashion. The Option C became available to accidental disability retirees on November 7, 1996.

ALLOCATION OF PENSION COSTS

If a member's total creditable service was partly earned by employment in more than one retirement system, the cost of the "pension portion" is allocated between the different systems pro rata based on the member's service within each retirement system. In certain circumstances, if a member received regular compensation concurrently from two or more systems on or after January 1, 2010, and was not vested in both systems as of January 1, 2010, such a pro-ration may not be undertaken. This is because such a person may receive a separate retirement allowance from each system.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

The accounting records of the System are maintained on a calendar year basis in accordance with the standards and procedures established by the Public Employee Retirement Administration Commission.

Cash accounts are considered to be funds on deposit with banks and are available upon demand.

Short Term Investments are highly liquid investments that will mature within twelve months from the date of acquisition.

Investments are reported at their fair value. Securities traded on recognized exchanges are valued at the most recent sales price at year end. If no sale was reported, the mean of the bid and asked price is used when available, or the most recent bid price. Mutual, commingled and pooled funds are valued based on the net asset or unit value at year end. Real estate and alternative investments are valued based on estimates provided by the managers of those respective investments. Purchases and sales of securities are reflected on the date the trade is initiated. Realized gain or loss is largely based on the difference between the cost or the value at the prior year end and the funds realized upon liquidation. Dividend income is generally recorded when received. Interest income is recorded as earned on an accrual basis. Income from alternative investments is recorded as reported by the managing partner. Appreciation or depreciation in the value of investments consists of the unrealized gains and losses reported as the difference between the previous period and the current value.

The system makes estimates and assumptions that affect the reported values of assets and liabilities and the reported amounts added and deducted during the reporting periods. The fair value of real estate and alternative investment holdings are generally estimated in the absence of reliable exchange values. The actual funds realized upon liquidation may differ from these estimates.

The provisions of Massachusetts General Laws Chapter 32, § 23(2) generally govern the investment practices of the system. The Board retains an investment consultant to closely monitor the implementation and performance of their investment strategy and advise them of the progress toward full funding of the system. That strategy seeks to balance the exposure to common deposit and investment risks related to custody, credit concentrations, interest rate and foreign currency fluctuations.

Operating expenses include the ordinary and necessary cost of investment and professional services and the other miscellaneous administrative expenses of the system.

NOTES TO FINANCIAL STATEMENTS (Continued)

The Annuity Savings Fund is the fund in which members' contributions are deposited. Voluntary contributions, re-deposits, and transfers to and from other systems, are also accounted for in this fund. Members' contributions to the fund earn interest at a rate determined by PERAC. Interest for some members who withdraw with less than ten years of service is transferred to the Pension Reserve Fund. Upon retirement, members' contributions and interest are transferred to the Annuity Reserve Fund. Dormant account balances must be transferred to the Pension Reserve Fund after a period of ten years of inactivity.

The Annuity Reserve Fund is the fund to which a member's account is transferred upon retirement from the Annuity Savings Fund and Special Military Service Credit Fund. The annuity portion of the retirement allowance is paid from this fund. Interest is credited monthly to this fund at the rate of 3% annually on the previous month's balance.

The Special Military Service Credit Fund contains contributions and interest for members while on a military leave for service in the Armed Forces who will receive creditable service for the period of that leave.

The Expense Fund contains amounts transferred from investment income for the purposes of administering the retirement system.

The Pension Fund contains the amounts appropriated by the governmental units as established by PERAC to pay the pension portion of each retirement allowance.

The Pension Reserve Fund contains amounts appropriated by the governmental units for the purposes of funding future retirement benefits. Any profit or loss realized on the sale or maturity of any investment or on the unrealized gain of a market valued investment as of the valuation date is credited to the Pension Reserve Fund. Additionally, any investment income in excess of the amount required to credit interest to the Annuity Savings Fund, Annuity Reserve Fund, and Special Military Service Credit Fund is credited to this Reserve account.

The Investment Income Account is credited with all income derived from interest and dividends of invested funds. At year-end the interest credited to the Annuity Savings Fund, Annuity Reserve Fund, Expense Fund, and Special Military Service Credit Fund is distributed from this account and the remaining balance is transferred to the Pension Reserve Fund.

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS

The Norfolk County Retirement System submitted the following supplementary membership regulations, which were approved by the Public Employee Retirement Administration Commission:

Creditable Service

September 28, 2008:

Any permanent part-time employee or permanent full-time employee who is a member of the Norfolk County Retirement System and who has his or her hours of employment reduced to less than twenty hours per week, regularly scheduled, shall become an inactive member of the Norfolk County Retirement System. The employer of such member shall notify the Norfolk County Retirement System on the appropriate form of the effective date that the member's hours of employment are so reduced, shall report the number of hours the member will be scheduled to work and the rate of pay, and as of the reported effective date shall discontinue the withholding of retirement deductions. As of the reported effective date, the member shall cease earning creditable service. When a member is returned to a permanent position that is regularly scheduled twenty (20) or more hours per week, the employer shall file a New Member Enrollment Form, or such other document as may be prescribed by the Norfolk County Retirement System, reporting the effective date that the member is regularly scheduled twenty (20) or more hours per week, the title of the position, and the rate of pay; and, as of the reported effective date the employer shall begin again the withholding of retirement deductions, whereupon the member shall become an active member of the Norfolk County Retirement System. If the member wishes to buyback creditable service for the period when the member was inactive due to working less than twenty hours per week, regularly scheduled, then such creditable service shall be based on actual service rendered pro-rated against 1,950 hours per year (i.e. day = 7 1/2hours, week 37 1/2 hours), except in the case of employees of school departments or school districts, who shall be granted creditable service based on actual service rendered pro-rated against 1,080 hours per year (i.e. day = 6 hours, school year = 180 days).

August 23, 2005:

The Norfolk County Retirement Board has determined that is necessary and in the best interests of its active and retired members, beneficiaries and survivors to grant access to the name, address, telephone numbers and/or social security numbers of these individuals for the sole and limited purpose of assisting in the proper administration of M.G.L. c. 32 and M.G.L. c. 32B and the issuance of monthly benefits allowance. The Board recognizes the need to protect the privacy of its active and retired members, beneficiaries and survivors and to that end will only allow access to personal information to the treasurers, directors, human resources departments, data processing/information technology departments, and benefit coordinators of the member units of the Norfolk County Retirement System.

All other requests for the addresses or other personal information on the active and retired members, beneficiaries and survivors will be evaluated on a case-by-case basis and this supplemental regulation may be amended, from time to time, subject to PERAC's approval, to address the needs of members, beneficiaries and survivors of the Norfolk County Retirement System.

NOTE 3 - SUPPLEMENTARY MEMBERSHIP REGULATIONS (Continued)

November 25, 1985:
Call fire fighters and special police shall be excluded from membership as of May 29, 1957. Reserve or special police officers, employed prior to May 27, 1957 shall be granted in proportion to the minimum salary paid for a regular permanent fire fighter or a regular permanent police officer in the town affected. ($4,000 earnings for 1 year service to be used as basis) One year credit is to be granted for every five years of creditable service for call fire fighters up to a maximum of 5 years of creditable service PROVIDED, that such service as call fire fighters shall only be credited if such call fire fighters were later appointed as a permanent member of the fire department. Employees compensated on a per diem basis shall not be eligible for membership or creditable service. The purchase or buy-back of prior creditable service must be paid in one lump sum. A member shall be allowed to buy back time which they earned during their status as a less than half time employee and ineligible for membership, provided that creditable service shall be granted based on actual service rendered.

Travel Regulations:
The Norfolk County Retirement System has adopted Travel Supplemental Regulations under the provisions of G.L. c. 7, § 50 and G.L. c. 32, § 21(4). Regulations available upon written request, and are also available on the PERAC website http://www.mass.gov/perac/Norfolk County.

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - ADMINISTRATION OF THE SYSTEM

The System is administered by a five-person Board of Retirement consisting of the County Treasurer who shall be a member ex-officio, a second member appointed by the County Commissioners, a third and fourth member who shall be elected by the members in or retired from the service of such system, and a fifth member appointed by the Advisory Council.

Ex-officio Member:	James E. Timilty, Chairman		
Appointed Member:	Paul Connors		
Elected Member:	Josephine E. Shea	Term Expires:	12/31/2019
Elected Member:	Edwin S. Little	Term Expires:	12/31/2020
Appointed Member:	Karen F. Jello	Term Expires:	12/31/2018

The Board members are required to meet at least once a month. The Board must keep a record of all of its proceedings. The Board must annually submit to the appropriate authority an estimate of the expenses of administration and cost of operation of the system. The board must annually file a financial statement of condition for the system with the Executive Director of PERAC.

The investment of the system's funds is the responsibility of the Board. All retirement allowances must be approved by the Retirement Board. The PERAC Actuary performs verification prior to payment, unless the system has obtained a waiver for superannuation calculations allowing them to bypass this requirement. All expenses incurred by the System must be approved by a majority vote of the Board. Payments shall be made only upon vouchers signed by two persons designated by the Board.

Retirement board members and employees are bonded by an authorized agent representing a company licensed to do business in Massachusetts. Fidelity insurance is the only required policy coverage under Ch. 32 §21 and §23 as well as 840 CMR 17.01. The policy is designed to cover specific intentional acts such as theft, fraud or embezzlement and also specify who commits such acts, most commonly employees of the system. This coverage reimburses the system for the losses it suffers as a result of its employees' actions. It does not insure the employees for their illegal acts. Statutorily required coverage is provided by the current fidelity insurance policy to a limit of $1,000,000 with a $10,000 deductible issued through Travelers Casualty and Surety Company. The system also has Fiduciary coverage to a limit of $50,000,000 under a blanket policy issued through the Massachusetts Association of Contributory Retirement Systems.

NOTE 5 - ACTUARIAL VALUATION AND ASSUMPTIONS

The most recent actuarial valuation of the System was prepared by Sherman Actuarial Services, LLC as of January 1, 2016.

The actuarial liability for active members was	$583,420,685
The actuarial liability for terminated members was	18,111,561
The actuarial liability for disabled members was	121,374,536
The actuarial liability for retired members and beneficiaries was	587,654,656
The total actuarial liability was	$1,310,561,438
System assets as of that date were (actuarial value)	814,225,634
The unfunded actuarial liability was	$496,335,804
The ratio of system's assets to total actuarial liability was	62.1%
As of that date the total covered employee payroll was	$267,454,300

The normal cost for employees on that date was	8.8% of payroll
The normal cost for the employer was	3.7% of payroll

The principal actuarial assumptions used in the valuation are as follows:

Investment Return:	8.00% per annum
Rate of Salary Increase:	Varies per annum

SCHEDULE OF FUNDING PROGRESS AS OF JANUARY 1, 2016

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accried Liability (b)	Unfunded Actuarial Accrued Liability (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of covered Payroll (b-a)/c
2016	$814,225,634	$1,310,561,438	$496,335,804	62.1%	$267,454,300	185.6%
2014	$696,682,779	$1,247,596,772	$550,913,993	55.8%	$246,722,941	223.3%
2012	$608,235,096	$1,128,960,288	$520,725,192	53.9%	$229,095,409	227.3%

NOTE 6 - MEMBERSHIP EXHIBIT

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Retirement in Past Years										
Superannuation	100	88	98	120	159	123	137	147	166	174
Ordinary Disability	2	0	1	1	3	2	4	1	0	0
Accidental Disability	10	13	7	11	7	10	5	6	7	15
Total Retirements	112	101	106	132	169	135	146	154	173	189
Total Retirees, Beneficiaries and Survivors	2,818	2,815	2,821	2,858	2,874	2,938	2,981	3,037	3,106	3,190
Total Active Members	5,822	5,862	5,938	5,741	5,007	5,201	5,286	5,063	5,089	5,198
Pension Payments										
Superannuation	$29,698,280	$31,120,710	$32,435,249	$34,343,335	$36,473,550	$38,844,598	$40,867,044	$42,762,712	$45,813,129	$48,007,309
Survivor/Beneficiary Payments	2,152,294	2,195,866	2,236,592	2,330,278	2,476,093	2,586,935	2,756,853	3,038,707	3,204,446	3,350,734
Ordinary Disability	575,207	538,049	522,202	497,591	500,295	598,038	633,203	655,088	847,886	731,620
Accidental Disability	6,818,530	6,729,068	7,171,820	7,548,200	8,027,286	8,465,538	8,816,421	9,011,955	9,311,462	10,292,729
Other	4,637,744	4,683,516	4,622,413	4,818,911	4,862,342	5,059,152	5,218,346	5,696,968	5,295,999	6,107,725
Total Payments for Year	$43,882,055	$45,267,209	$46,988,276	$49,538,315	$52,339,565	$55,554,261	$58,291,866	$61,165,430	$64,472,921	$68,490,116

NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 7 – LEASED PREMISES

The Norfolk County Retirement Board leases approximately 3,000 square feet of space for its offices located at Building 15, 480 Neponset Street, Canton, MA. The initial lease was dated August 2, 1996. The third amendment to the lease was effective September 1, 2011 through August 31, 2016. There is a fourth amendment to the lease effective August 31, 2016. The landlord is APCA Neponset, LLC.

The following schedule displays the minimum lease obligations on non-cancellable operating leases as of September 1, 2016 and expiring on August 31, 2021:

For the year ending:	Annual Rent
2016 (4 months)	$15,500.00
2017	$46,500.00
2018	$47,000.00
2019	$48,000.00
2020	$48,000.00
2021 (8 months)	$32,000.00

Note: Security deposit in amount of $3,000 currently held by landlord. Deposit will remain in place during the extended term of the lease.

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